

## Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 OES-07 DOE-15 SOE-02 AID-05 NRC-05  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 H-01 INR-10  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11  
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /132 W  
-----028283 051848Z /75

R 051727Z MAY 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 8775

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DEPT FOR OES/NET, NEA/EGY  
PASS DOE (TARDIFF, MCFARREN)  
IAD/NESA, AID/TA/OST

E.O.11652:N/A  
TAGS: ENRG,TECH,TGEN,EG  
SUBJ: US/EGYPT COOPERATIVE ENERGY ASSESSMENT -PHSE I REPORT.

REF: CAIRO 6290

1. SUMMARY:  
PHASE ONE OF THE ASSESSMENT (DATA GATHERING) WAS SUCCESS-  
FULLY COMPLETED WITH ISSUANCE OF REPORT MAY 1, 1978.LARGE  
AMOUNT OF DATA ON ENERGY SUPPLY AND DEMAND AS RELATED TO  
VARIOUS FUNCTIONAL AREAS AND SECTORS WAS COLLECTED BY  
DOE TEAM. SOME INFORMATION RELEASED TO TEAM BY GOE WAS  
FORMERLY CLASSIFIED OR RESTRICTED AND MAY HAVE BEEN  
FORMALLY MADE AVAILABLE TO OUTSIDERS FOR FIRST TIME.  
COOPERATION BY GOE FROM TOP DOWN HAS BEEN EXCELLENT AND  
UNSTINTING. PHASE II HAS NOW BEGUN WITH THE DEPARTURE  
MAY 1 FOR US OF TWO MID LEVEL GOE ENGINEERS TO WORK ON  
INFO INTEGRATION AT BROOKHAVEN NAT. LAB. FOUR MORE SENIOR  
GOE REPS ARE EXPECTED TO DEPART FOR US SOON TO ALSO  
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PARTICIPATE IN PHASE II. GOE IS CONFIDENT THAT INTEGRATION  
OF DATA WILL LEAD TO CONCLUSION THAT FOR ATLEAST SHORT  
AND MID TERM NUCLEAR ENERGY WILL BE NEEDED HERE AND THAT  
THESE PRESENT PLANS ARE RATIONAL. IT MAY BE CORRECT.  
END SUMMARY.

2. PHASE I OF THE ASSESSMENT FORMALLY BEGAN MARCH 27 WITH

ISSUANCE OF A DECREE BY DEP.PM AND MINISTER OF ELECTRICITY & ENERGY, AHMED SULTAN SETTING UP A "SUPREME COMMITTEE FOR THE EGYPT/US COOPERATIVE ENERGY ASSESSMENT", HEADED BY ENG. MOHAMED KAMEL HAMED, CHAIRMAN, EGYPTIAN ELECTRICAL POWER AUTHORITY AND INCLUDING SENIOR REPRESENTATIVES FROM ENERGY & ELECTRICITY SECTOR, ECONOMIC/FINANCIAL SECTOR NATIONAL PLANNING INSTITUTE, EGYPTIAN GEOLOGICAL SURVEY, EGYPTIAN GEN PETROLEUM AUTH; AND INDUSTRY SECTOR. THE "SUPREME COMMITTEE" IS ENTIRELY GOE AND MAY BECOME A PERMANENT BODY. THE ISSUANCE OF THE DECREE BOTH INDICATED TOP LEVEL INTEREST AUTHORIZED FULL COOPERATION, AND OPENED DOORS ELSEWHERE IN GOE. IT WAS PARTICULARLY USEFUL IN GETTING THE COOPERATION OF SENIOR OFFICIALS IN ALL SECTORS AND SECURING THE RELEASE OF DATA.

3. UNDER THE SUPREME COMMITTEE AN "EXECUTIVE COMMITTEE" WITH GOE & US REPRESENTATION WAS SET UP AS A COORDINATING BODY. PARTICIPANTS WERE: ENG.KAMEL, ENG.MAHER ABAZA (FIRST UNDERSECRETARY, MIN ELECT & ENERGY), MR. FOUAD HUSSEIN, (DEP.MINISTER & COUNSELLOR TO THE DEP.PM FOR ECONOMIC AFFAIRS), DR. EMAD EL-SHARKAWI (UNDERSECRETARY, ELECT.POWER AUTH.), DR. MUSTAFA SWIDAN (UNDERSECRETARY, ELECT. POWER AUTH.); MR. ROBERT MCFARREN (DOE TEAM LEADER) MS KARLA KING (DOE PRINCIPAL LIASON), DR. A.E.RICHMOND, SCIENCE & TECHNOLOGY ATTACHE. THE FOLLOWING FUNCTIONAL SUBCOMMITTEES WERE ALSO FORMED:

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A) CONVENTIONAL ENERGY SYSTEMS

1. WORK GROUP ON FOSSIL RESOURCES & SUPPLY SYSTEMS
2. HYDRO ELECTRIC PWR GENERATION
3. NUCLEAR ELECTRIC PWR GENERATION.

B) ENERGY DEMANDS

1. DEMAND PROJECTIONS
  2. DEMAND OPTIONS
  3. SYSTEM INTEGRATION METHODS
- C) ADVANCED TECHNOLOGY & SUPPLY SYSTEMS.

1. SOLAR & NEW ENERGY
2. GEOTHERMAL ENERGY.

THE IDEA FOR THE DECREE AND SUPREME COMMITTEE WAS MAHER ABAZA'S. ABAZA IS UNDOUBTEDLY THE PRIME MOVER IN THE EXCEPTIONAL COOPERATION RECV'D FROM THE GOE.

4. THE PHASE II, INTEGRATION IS TO BE COMPLETED BY MID-JU WHEN IT WILL BE REVIEWED BY THE GOE; THE FINAL ASSESSMENT REPORT IS TO BE READY BY AUG. IN ADDITION TO TWO MID LEVEL EGYPTIAN ENGINEERS ALREADY IN THE US WORKING ON PHASE II, IT IS INTENDED THAT FOUR MORE SENIOR OFFICIALS

WILL ALSO TRAVEL TO THE US TO TAKE PART: DR.FOUAD HUSSEIN, DR. MUSTAFA SWIDAN, DR. SAMIR HABIB (EGPC), DR. WALID EL SHAFEI (NAT.PLANNING INSTITUTE). DR.ABDEL RAHMAN, CURRENT IN THE US WILL ALSO PARTICIPATE. THE PHASE II PARTICIPANTS WERE SELECTED TO, AS MUCH AS POSSIBLE, BALANCE INSTITUTIONAL & FUNCTIONAL INTERESTS.

5. COMMENT - THE GOE RECEPTION OF THE ASSESSMENT HAS GONE FROM SOMEWHAT SKEPTICAL ACCEPTANCE TO FULL SUPPORT. THE REASONS FOR THIS ARE VARIED. MIN ELECTRICITY, AND PHASE I IS HEAVILY DEPENDANT ON DATA ALREADY DEVELOPED, IT MOST PROBABLY MUST ACCEPT THE RATIONALITY AND PERHAPS NECESSITY OF NEAR OR MID TERM NUCLEAR POWER. THE ASSESSMENT THEN NOULD "ENDORSE" OR REINFORCE GOE'S PRESENT LIMITED OFFICIAL USE

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ACTION NEA-11

INFO OCT-01 ISO-00 OES-07 DOE-15 SOE-02 AID-05 NRC-05  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 H-01 INR-10  
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R 051727Z MAY 78  
FM AMEMBASSY CAIRO  
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PLANS FOR NUCLEAR; AND ALMOST CERTAINLY THE PENDING WESTINGHOUSE PLANTS. CONFIRMATION OF THIS, ASSUMPTION WILL DEPEND ON PHASE II RESULTS, HOWEVER INFORMAL DISCUSSIONS WITH US TEAM MEMBERS, INDICATE THIS PROBABLY WILL BE A FINDING; GIVEN GOE DEVELOPMENT PLANS & ENERGY REQUIREMENTS AS WELL AS SUPPLY, ECONOMIC & TECHNOLOGICAL CONSTRAINTS AFFECTING ALTERNATIVE SOURCES.

6. THE GOE FIRMLY BELIEVES NUCLEAR POWER IS AN ESSENTIAL PART OF THEIR ENERGY FUTURE AND THAT THEIR REQUIREMENTS ARE DOCUMENTED. PART OF THE EARLY GOE SKEPTICISM WAS UNDOUBTEDLY DUE TO A SUSPICION THAT THE ASSESSMENT WOULD BE "RIGGED" AGAINST NUCLEAR BUT THAT NON PARTICIPATION BY THEM MIGHT AFFECT AT LEAST THE PACE OF US MOVEMENT ON THE NUCLEAR AGREEMENT, AND RELATED ARRANGEMENTS. HOWEVER, GRADUAL ACCEPTANCE THAT THE STUDY WOULD COVER ALL AREAS ADEQUATELY COUPLED WITH ABAZA'A PRODDING & THE DECREE OVERCAME THIS.

7. SIMILARLY, IT IS PROBABLE THAT MIN ELECT REALIZED, THAT WITH THE STUDY " AUTHORIZED" BY SULTAN, AND ESSENTIALLY ORGANIZED & RUN BY ABAZA AND HAMED, IT WOULD STRENGTHEN ITS LINKS & INPUTY TO OTHER GOV'T ENTITIES, LIMITED OFFICIAL USE

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BOTH SUPPLY & DEMAND SIDE. FINALLY, AS THE STUDY PROGRESS ED THE GOE PARTICIPANTS DEVELOPED A REAL INTEREST IN THE EXCHANGES AMONG THEMSELVES & WITH THE US TEAMS. IN SEVERAL CASES, IT WAS THE FIRST TIME THEY HAD LOOKED TOGETHER AT WHAT EACH WAS DOING. OBVIOUS PLANNING GAPS IN SEVERAL SECTORS (E.G. TRANSPORTATION/ENERGY FUTURE ROAD OR RAIL?) TURNED UP. ALSO, IT BECAME APPARENT THAT DIFFERENT DATA BASES WERE SOMETIMES USED BY VARIOUS MINISTRIES WORKING IN THE SAME AREA.

8. ALTHOUGH WE ARE PLEASED WITH THE RESULTS SO FAR, GIVEN THE VERY TIGHT SCHEDULE & THE LARGE NUMBER OF DATA SOURCES; SOME INADEQUATE THERE ARE SOME LESSONS. FOR ONE THING, MORE THAN PRO-FORMA COOPERATION IS NEEDED. IT WON'T BE SUFFICIENT JUST TO HAVE ACCESS TO DATA, THE HOST COUNTRY MUST REALLY BE WILLING TO SIT DOWN & WORK SOMETIMES AT THE EXPENSE OF OTHER ACTIVITIES, THE GOE HAS BEEN WILLING TO DO THIS, FOR THEIR OWN REASONS OF COURSE. SECOND, THERE MUST BE A REAL & CONTINUING BENEFIT TO THE HOST COUNTRY. AN ASSESSMENT, PER SE, IS USEFUL, BUT WITHOUT FOLLOW ON MAY NOT BE SEEN TO HAVE BEEN WORTH IT ALL. IN THE CASE OF EGYPT, THERE IS THE HOPE THAT THE ASSESSMENT TECHNIQUE CAN BE TRANSFERRED. THERE IS ALSO AN EXPECTATION THAT THE US WILL HELP IN OTHER MATERIAL WAYS, AS YET UNDECIDED. WE HAVE ALREADY HELPED THE GOE TO DEVELOP A TENDER FOR SOLAR WATER HEATERS. AS THE ASSESSMENT PROGRESSES IT IS CERTAIN THAT NEEDS WILL BE SEEN FOR OTHER AREAS FOR HELP, PERHAPS DEMONSTRATION PROJECTS, CONSULTING SERVICES OR CAPITAL EQUIPMENT, WHILE WE PROBABLY WON'T BE ABLE TO MEET ALL REQUESTS, WE CERTAINLY WILL BE EXPECTED TO MEET SOME. THE ASSESSMENT, IS A US INITIATIVE, AND THE GOE HAS MADE IT CLEAR THAT THEY VIEW US AS PLAYING A CONTINUING ROLE.

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IF WE ARE NOT ABLE TO FOLLOW THROUGH AT ALL THERE WILL  
BE AT LEAST SOME SEVERE DISSAPPOINTMENT. THIS IN  
SPITE OF OUR HAVING MADE OUR LIMITATIONS QUITE CLEAR.EILTS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ENERGY, REPORTS, INTERGOVERNMENTAL COOPERATION, INTELLIGENCE ASSESSMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 CAIRO 6290  
**Retention:** 0  
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**Review Event:**  
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**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2784885  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US/EGYPT COOPERATIVE ENERGY ASSESSMENT -PHSE I REPORT.  
**TAGS:** ENRG, TECH, TGEN, EG  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/67ddcba3-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014